

Economic Report Homebuilders Association

May 4, 2010

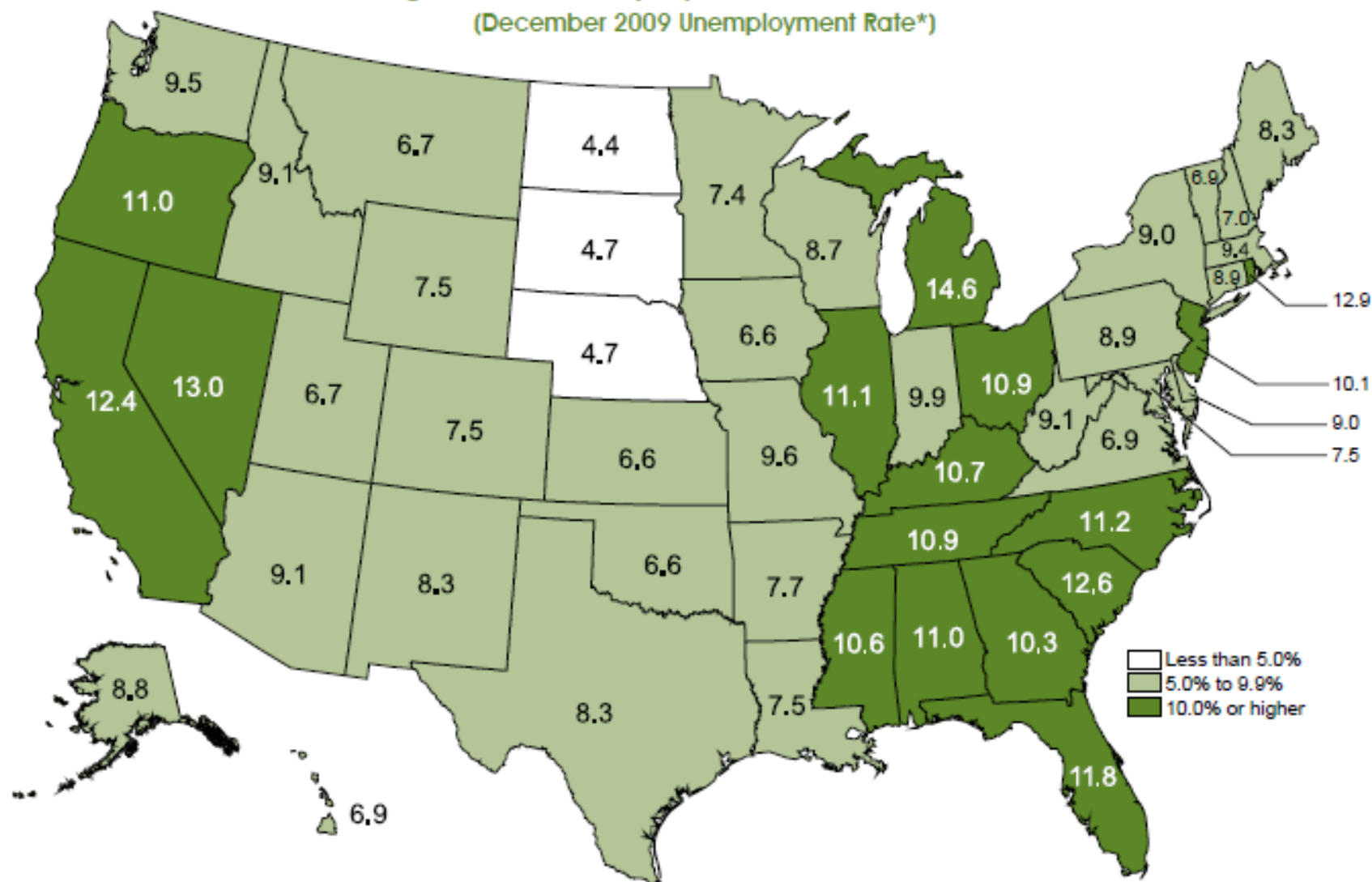
Jeff Fleming, AICP
Assistant City Manager for Development
JeffFleming@KingsportTN.gov

Tennessee's Short Term Economic Outlook

University of Tennessee
Report to Governor 2010



Figure 2.3. Unemployment Rates on the Rise
(December 2009 Unemployment Rate*)



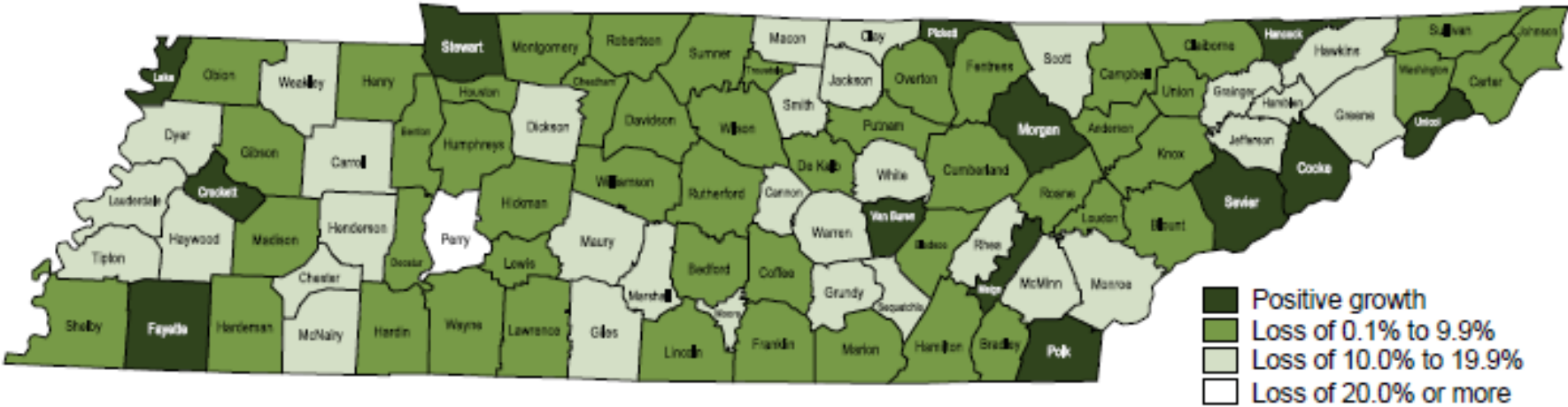
*seasonally adjusted.

Note: December 2009 U.S. Unemployment Rate: 10.0%

Source: Bureau of Labor Statistics.

2.2. The Current Economic Environment, continued

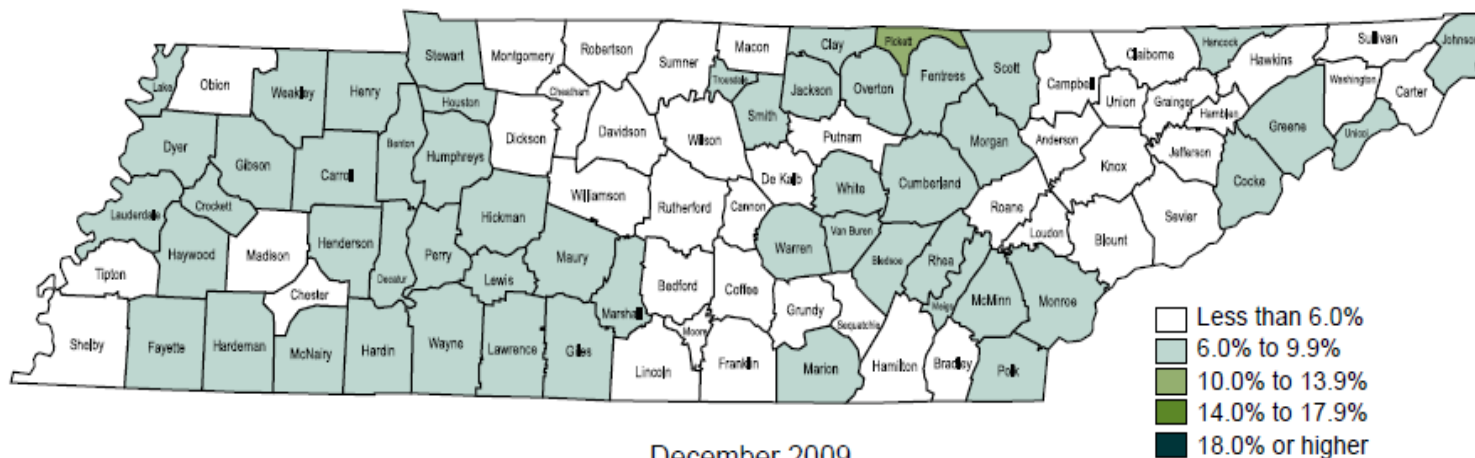
Figure 2.2. Some Counties Have Continued to Grow Since the Beginning of the Recession
(Total covered employment growth December 2007 to June 2009, percent)



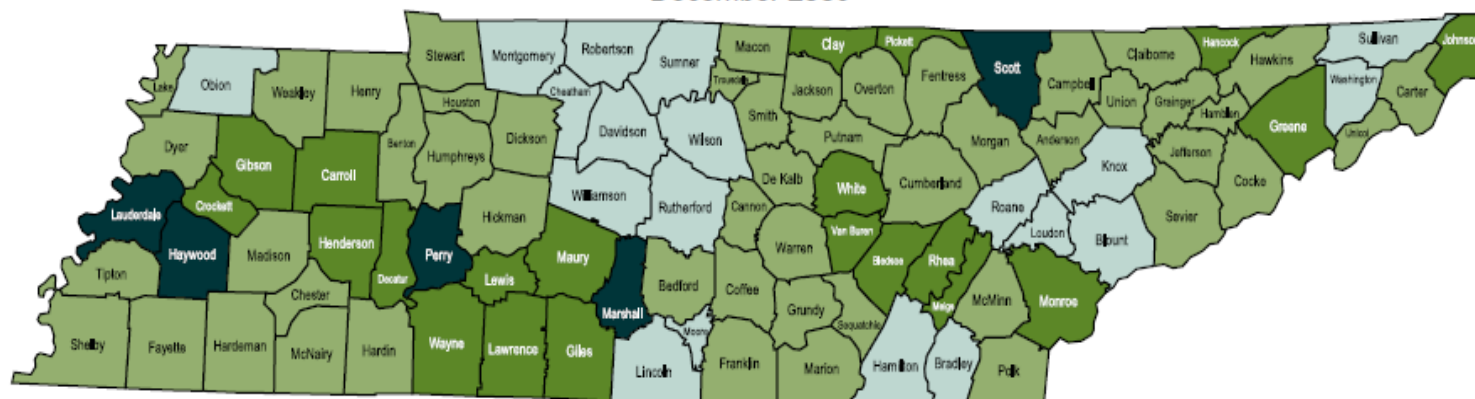
Note: Total employment covered by the state unemployment insurance program (includes private and government owned establishments).
Source: Bureau of Labor Statistics.

Figure 2.4. No County Has Been Spared
(Monthly Unemployment Rate*)

December 2007



December 2009



2.5. Recession Impacts Personal Income Growth (Quarterly Personal Income Growth 2007.4 to 2009.3, percent)

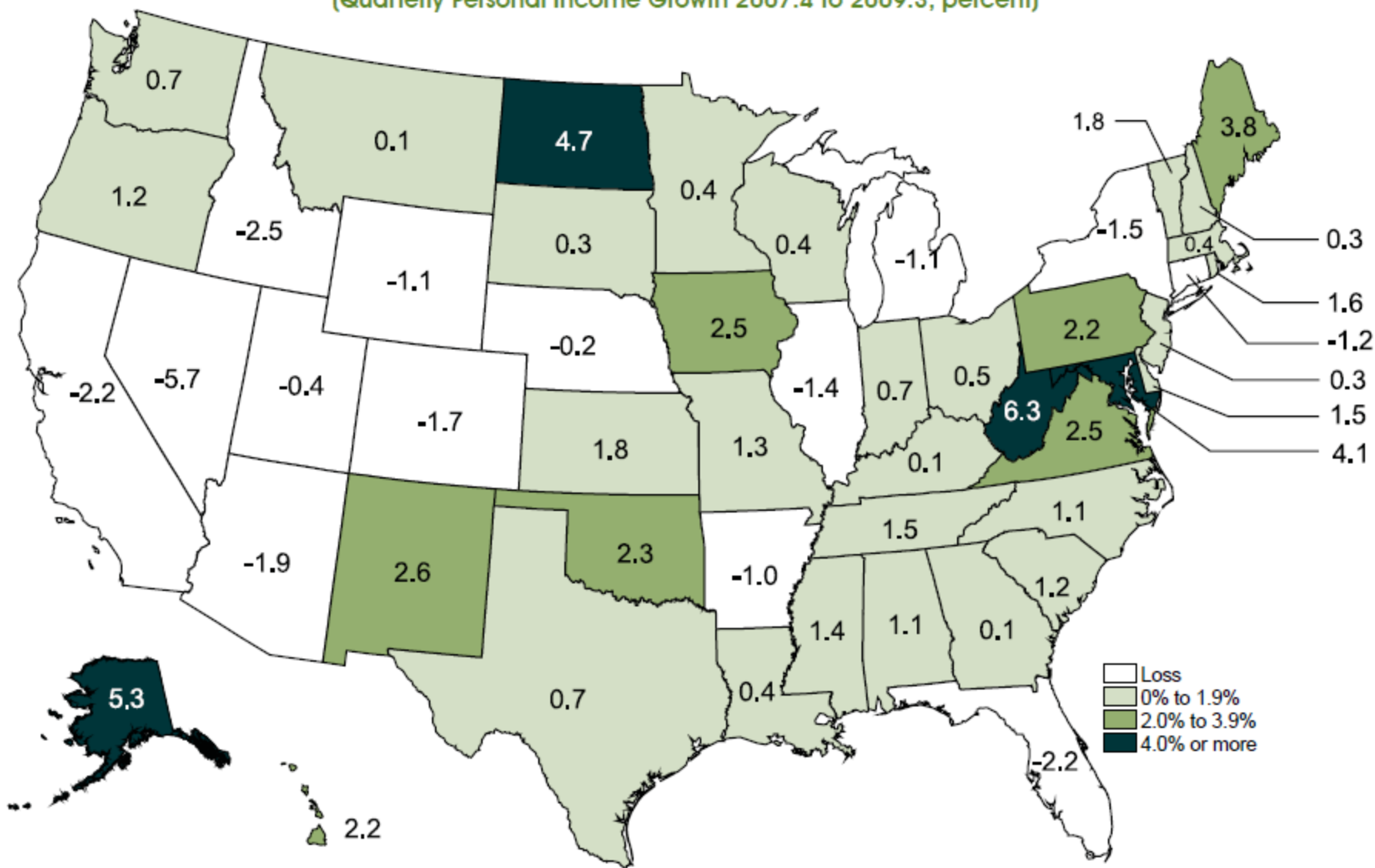
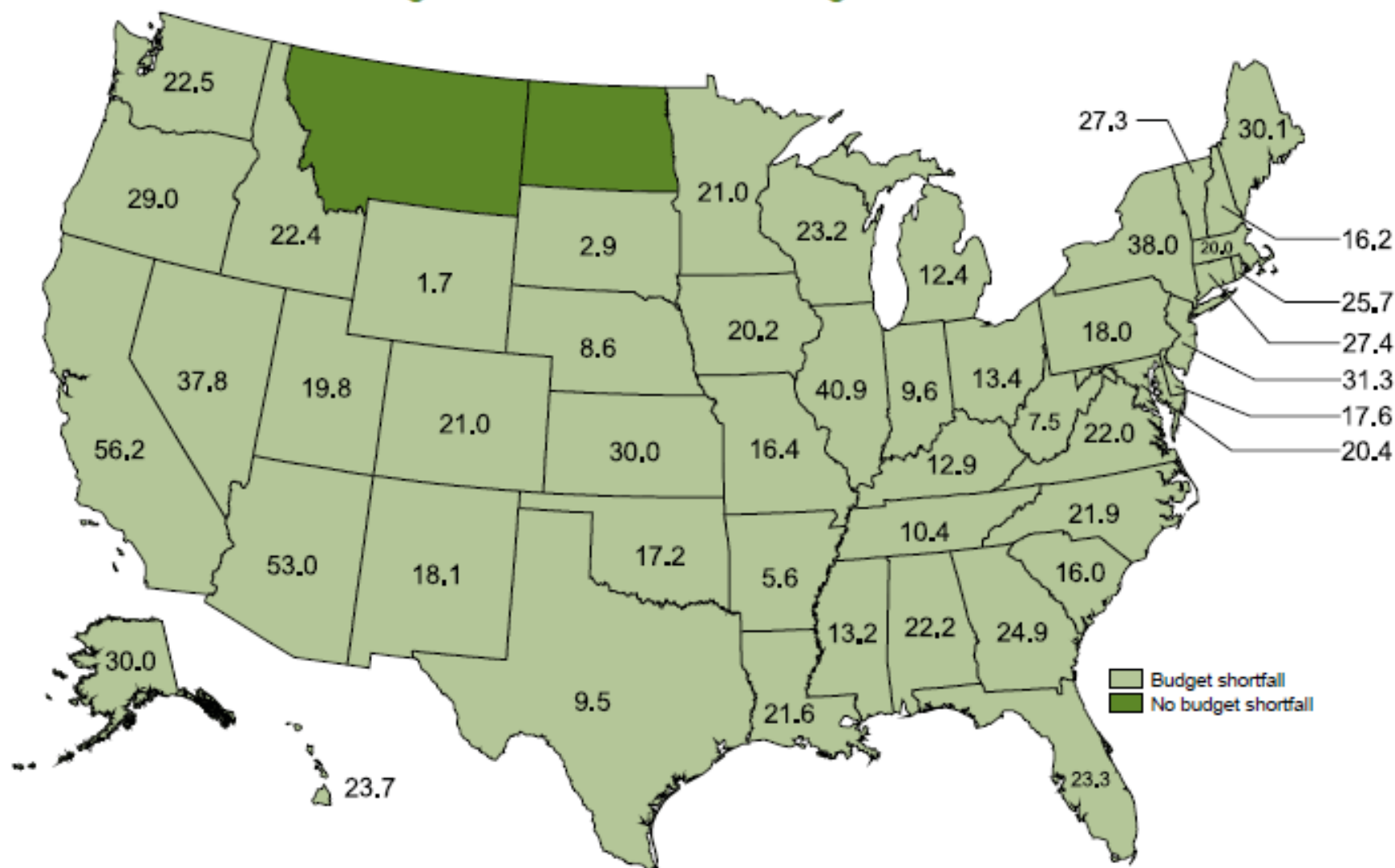


Figure 2.9. 48 States Face Budget Shortfalls



Note: Includes states with shortfalls in Fiscal Year 2009/10. Budget shortfall percentage compares the budget shortfall to the general fund budget.
 Source: McNichol and Johnson, Center on Budget and Policy Priorities, 2009.

Tennessee's Long Term Economic Outlook

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Looking Back

Figure 3.8. Average Annual Unemployment Rate, 1999 to 2008



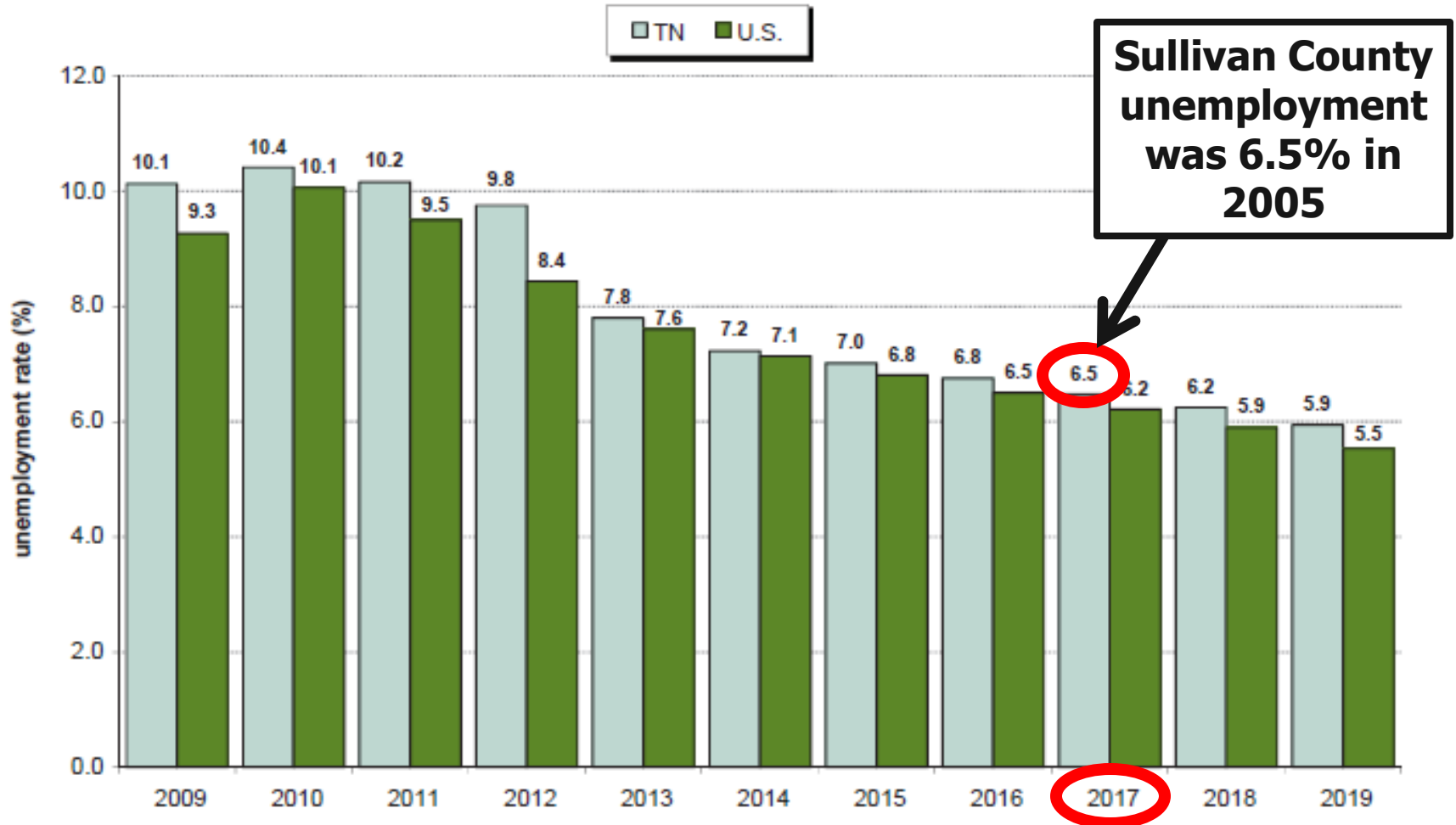
Tennessee average: 5.1%

U.S. average: 5.0%

Source: Bureau of Labor Statistics.

Looking Ahead

Figure 3.9. Annual Unemployment Rate, 2009 to 2019

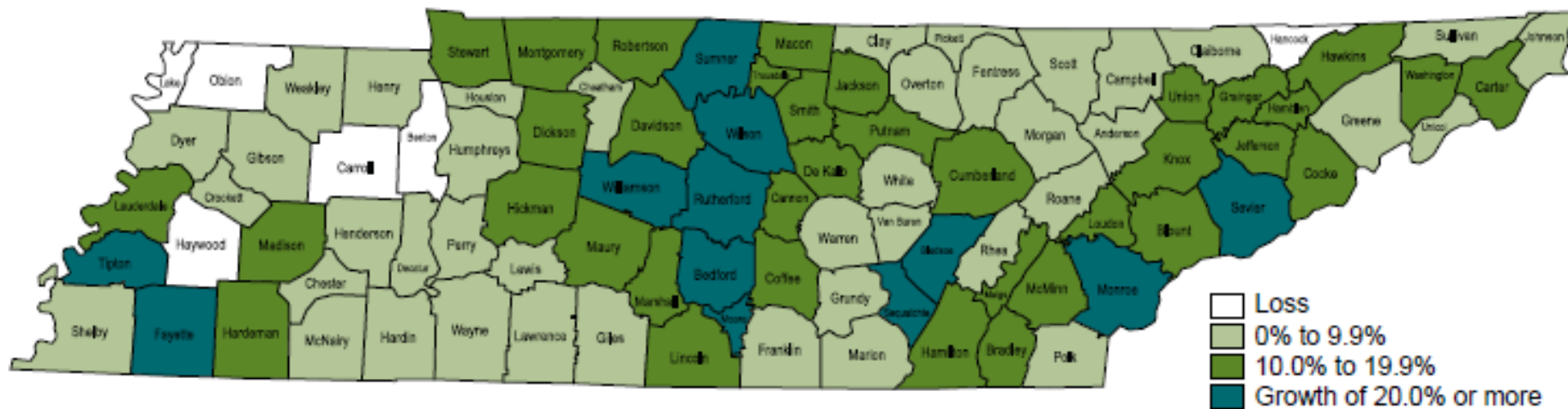


Source: Bureau of Labor Statistics; IHS Global Insight, Inc.; and CBER-UT.

Long Term Unemployment Outlook for Tennessee and the U.S.

3.6. State and Gross Domestic Product, continued

Figure 3.10. Population Growth, 1999 to 2008



Tennessee average: 13.3%
U.S. average: 11.5%
Source: Census Bureau.

Over the longer term, population change will have a greater effect on the overall level of employment and economic activity. Between 1999 and 2009, Tennessee's population grew by 13.3 percent, or 1.3 percent on a compound annual basis. The population of the U.S. grew at the slower rate of 11.5 percent, reflecting a compound annual growth rate of 1.1 percent.

Table 3.3. Tennessee Inflation-Adjusted Gross Domestic Product by Sector

The Local Outlook



Employment in Kingsport, TN-VA MSA	January 1990	% of All Jobs	March, 2010	% of All Jobs	Change (Jan 1990- Mar 2010)	<= Net New Jobs
Trade, Transportation and Utilities	22,900	21.60%	22,600	19.62%	-300	
Manufacturing	36,300	34.25%	20,500	17.80%	-15,800	
Education and Health Services	10,000	9.43%	19,100	16.58%	9,100	
Government	12,600	11.89%	16,600	14.41%	4,000	
Leisure and Hospitality	6,500	6.13%	11,700	10.16%	5,200	
Professional and Business Services	6,200	5.85%	7,900	6.86%	1,700	
Mining, Logging, Construction	3,100	2.92%	6,200	5.38%	3,100	
Financial	3,100	2.92%	4,200	3.65%	1,100	
Other Services	3,400	3.21%	4,200	3.65%	800	
Information	1,900	1.79%	2,200	1.91%	300	
TOTAL	106,000	100.00%	115,200	100.00%	9,200	

Source: http://www.bls.gov/eag/eag.tn_kingsport_msa.htm

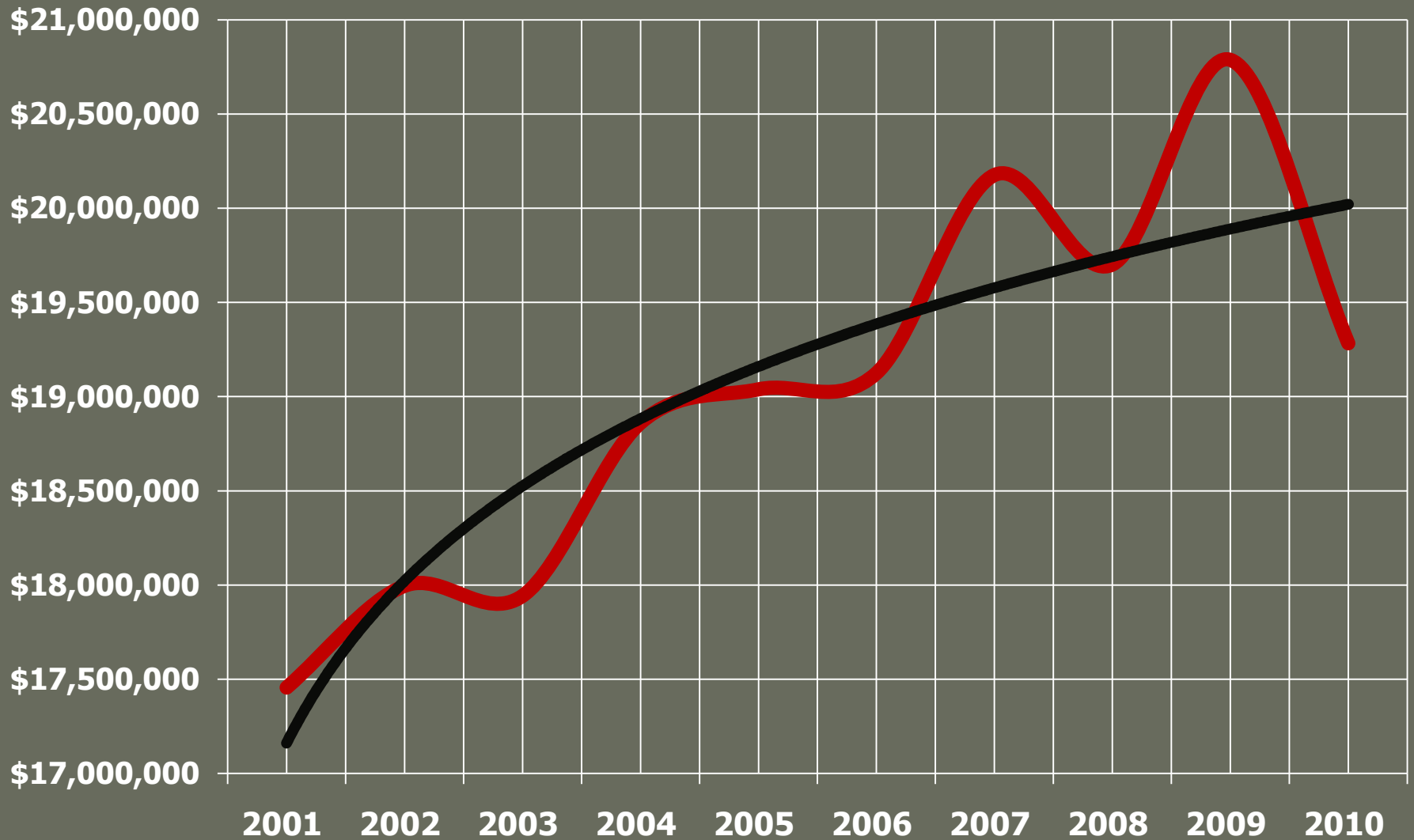
City of Kingsport – Dashboard – March 11, 2010

	2005	2006	2007	2008	2009	2010	Change (between 2005 and latest available data)
Unemployment Rate	11.5%	8.2%	6.9%	5.8%	10.5%	11.8%	0.3%
Construction Value	\$66,809,260	\$88,560,394	\$164,480,512	\$173,102,255	\$69,721,295	n/a	4.4%
Population	44,114	44,122	44,435	44,473	**	**	0.8%
Labor Force	19,110	18,730	19,150	18,840	19,380	18,890	-1.2%
Employed	16,920	17,200	17,830	17,760	17,350	16,670	-1.5%
Not in labor force	25,004	25,392	25,285	25,633	n/a	n/a	2.5%
Retail Sales	\$1,245,600,000	\$1,287,900,000	\$1,283,800,000	\$1,327,200,000	\$1,239,600,000	****	-0.5%

Unemployment (U.S., State, Metro & County Data)*	2005	2006	2007	2008	2009	2010	Change 2005- 2010
Kingsport City	11.5%	8.2%	6.9%	5.8%	10.5%	11.8%	0.3%
Cleveland City	9.8%	8.5%	7.1%	7.3%	12.4%	10.5%	0.7%
Maryville City	n/a	8.5%	7.7%	8.6%	16.7%	10.4%	1.9%
Bristol (TN) City	6.6%	5.7%	4.4%	5.1%	7.1%	9.6%	3.0%
Oak Ridge City	5.9%	4.5%	4.4%	4.1%	6.8%	9.1%	3.2%
Johnson City	5.9%	4.9%	4.3%	4.7%	7.0%	9.5%	3.6%
Sullivan County	6.5%	5.0%	4.6%	4.5%	6.9%	10.3%	3.8%
Washington County	5.9%	4.7%	4.6%	4.7%	7.4%	9.8%	3.9%
Kingsport-Bristol MSA	6.4%	5.1%	4.9%	4.8%	8.4%	10.4%	4.0%
Tri-Cities CSA	6.4%	5.2%	4.9%	4.9%	8.3%	10.5%	4.1%
Johnson City MSA	6.4%	5.2%	5.0%	5.2%	8.1%	10.7%	4.3%
Hawkins County	7.6%	6.4%	5.8%	5.2%	10.8%	12.2%	4.6%
Carter County	7.0%	5.7%	5.1%	5.5%	9.1%	11.6%	4.6%
U.S.	5.7%	5.1%	5.0%	5.4%	8.5%	10.6%	4.9%
Tennessee	6.6%	5.7%	5.3%	5.4%	9.3%	11.5%	4.9%
Morristown City	8.8%	9.6%	8.0%	8.7%	15.2%	14.0%	5.2%
Greene County	9.5%	9.1%	8.2%	8.3%	14.1%	16.6%	7.1%

Kingsport Retail Sales Tax Collections

July-February YTD 2001-2010



Source: City of Kingsport Finance Department, February 2010

City of Kingsport

Sales & Use Tax Categories

July-December 2009

							% of Change	
	FY05	FY06	FY07	FY08	FY09	FY10	Over FY09	
03. Construction	173,356	205,075	195,002	227,048	232,188	209,212	-9.90%	
04. Manufacturing	654,248	781,901	1,527,689	1,549,641	1,762,497	1,365,942	-22.50%	
06. Communications	75,283	125,182	32,583	20,506	35,671	49,451	38.63%	
07. Electric Gas Sanitary Services	57,412	54,383	98,873	62,868	64,117	57,150	-10.87%	
08. Wholesale Trade	548,453	575,036	643,450	629,877	682,229	545,734	-20.01%	
09. Building Materials	1,110,231	1,144,563	1,122,466	1,154,479	1,113,480	1,039,997	-6.60%	
10. General Merchandise Stores	3,644,622	3,593,866	3,726,965	3,418,808	3,478,544	3,336,198	-4.09%	
11. Food Stores	929,214	1,103,403	1,183,819	1,158,386	1,274,207	1,218,703	-4.36%	
12. MV Dealers and Service Stations	897,472	947,320	1,021,421	1,021,616	970,210	961,068	-.094%	
13. Apparel Stores	484,241	623,840	575,538	617,009	608,488	587,626	-3.43%	
14. Furniture Stores	393,666	469,479	408,964	448,110	426,292	231,282	-45.75%	
15. Eating and Drinking Places	1,724,082	1,820,720	1,945,204	2,028,856	2,065,056	2,070,407	0.26%	
16. Misc. Retail	882,173	994,434	1,000,836	1,005,714	1,216,334	1,286,060	5.73%	
18. Services	1,426,348	1,117,317	1,114,145	1,039,248	952,424	882,125	-7.38%	
19. Public Services and Non-classified	19,060	108,353	73,933	86,062	80,157	88,085	9.89%	
Total	13,019,861	13,664,870	14,670,886	14,468,228	14,961,894	13,929,039		

**Doubled
since
2005**

**20%
increase
since
2005**

Kingsport Academic Village

Combined Enrollment (March 2010)

Northeast State	1,206
King College	175
LMU	98
University of Tennessee	54
Carson-Newman	Unknown
Total	1,533

City of Kingsport	1999 Summit	2008
College degree or higher	18%	24%
Median age	42.3	41.9
Over 65	21%	15%
Median Family Income	\$30,279	\$50,076

EDUCATIONAL ATTAINMENT City of Kingsport	2000	2008	Net Change	% Change
Population 25 years and over	31,971	33,950	1,979	6.2%
Less than 9th grade	3,533	2,808	-725	-20.5%
9th to 12th grade, no diploma	3,995	3,167	-828	-20.7%
High school graduate (includes equivalency)	9,299	11,378	2,079	22.4%
Some college, no degree	5,914	5,792	-122	-2.1%
Associate's degree	1,676	2,651	975	58.2%
Bachelor's degree	4,785	5,384	599	12.5%

City of Kingsport, Tennessee

	2000 Census	% of City Population 25 years and over	2008	% of City Population 25 years and over
EDUCATIONAL ATTAINMENT				
Population 25 years and over	31,971	100%	33,950	100%
Less than 9th grade	3,533	11.1%	2,808	8.3%
9th to 12th grade, no diploma	3,995	12.5%	3,167	9.3%
High school graduate (includes equivalency)	9,299	29.1%	11,378	33.5%
Some college, no degree	5,914	18.5%	5,792	17.1%
Associate's degree	1,676	5.2%	2,651	7.8%
Bachelor's degree	4,785	15.0%	5,384	15.9%
Graduate or professional degree	2,769	8.7%	2,770	8.2%

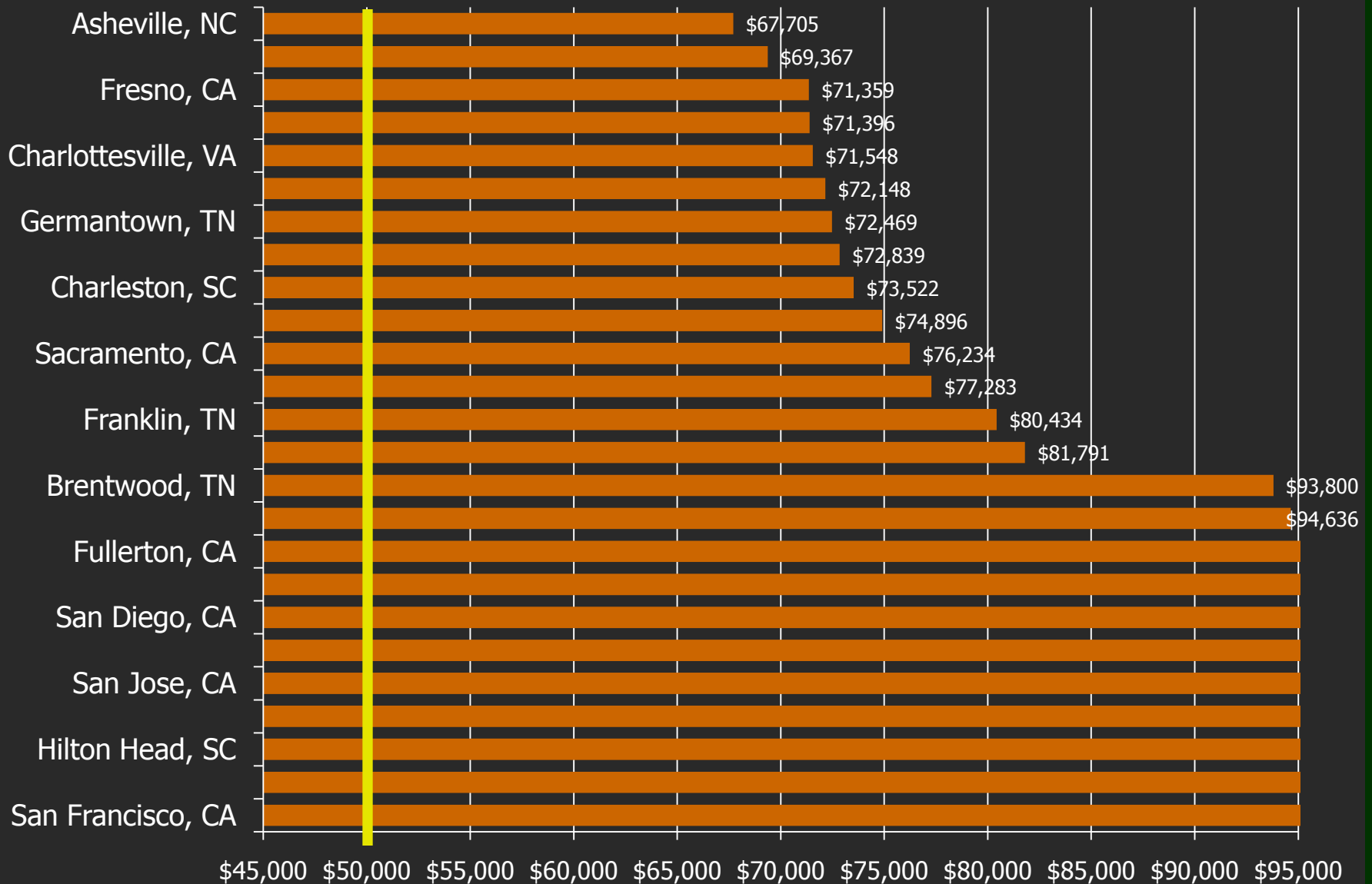
*Source: 2000 Census, 2006-2008 American Community Survey

Net Change in Number of City Residents 25 years and over	% Change in Number of City Residents 25 years and over
1,979	6.2%
-725	-20.5%
-828	-20.7%
2,079	22.4%
-122	-2.1%
975	58.2%
599	12.5%
1	0.0%

Then and Now	1999 Summit	2008
College degree or higher	18%	24%
Median age	42.3	41.9
Over 65	21%	15%
Median Family Income	\$30,279	\$50,076

How far we have to go....	City of Kingsport	Sullivan County	Hawkins County	State of Tennessee	United States
Less than 9th grade	8.3%	7.6%	11.6%	7.1%	6.4%
9th to 12th grade, no diploma	9.3%	10.4%	12.3%	11.1%	9.1%
High school graduate (includes equivalency)	33.5%	34.2%	38.6%	33.7%	29.6%
Some college, no degree	17.1%	20.2%	20.3%	20.1%	20.1%
Associate's degree	7.8%	7.8%	5.7%	5.8%	7.4%
Bachelor's degree	15.9%	13.2%	7.6%	14.4%	17.3%
Graduate or professional degree	8.2%	6.7%	3.9%	7.7%	10.1%

\$50,000 in Kingsport is worth:



Move To Kingsport (Year-To-Date)

During the 10 month period (July 09-April 10), there were 1,096 new families in Kingsport (and 1,336 existing Kingsport area residents moved to a new location within the Kingsport area.)

- ▶ The net difference is +324 families (Jul 06-Apr 10)
- ▶ Of these 1,096 new families:
 - 115 were new construction
 - 981 moved into existing structures
 - 526 relocated from elsewhere in NE TN (> 35 miles, excluding Kingsport zips)
- ▶ 66.11% chose to live inside the city limits of Kingsport
- ▶ 66.08% of new construction was inside city limits of Kingsport

Comparing this FY-to-Date (Jul 09-Apr 10) with the average FY-to-Date 2007-2009:

- ▶ New residential construction is down -53.0%
- ▶ Out-of-state relocations to Kingsport are down -7.9%

Move To Kingsport (Year-To-Date)

- During the 10 month period (Jul 09-Apr 10), 371 families moved from out-of-state (37 states):

VIRGINIA	131
NORTH CAROLINA	35
FLORIDA	28
KENTUCKY	21
TEXAS	17
NEW YORK	14
CALIFORNIA	13
GEORGIA	13
OHIO	11
UNKNOWN STATE	10
SOUTH CAROLINA	9
MICHIGAN	8
WEST VIRGINIA	7
MARYLAND	6
ARIZONA	5
PENNSYLVANIA	5
ILLINOIS	3
MISSISSIPPI	3
MISSOURI	3

NEW JERSEY	3
WASHINGTON	3
ALABAMA	2
COLORADO	2
CONNECTICUT	2
INDIANA	2
LOUISIANA	2
MINNESOTA	2
NEVADA	2
ALASKA	1
ARKANSAS	1
DELAWARE	1
IOWA	1
KANSAS	1
NEW MEXICO	1
OKLAHOMA	1
OREGON	1
RHODE ISLAND	1

Move To Kingsport (Since 2006)

- 1,765 families moved to Kingsport from 48 states since the beginning of MoveToKingsport.com (Jul 06-Apr 10)

1	VIRGINIA	594
2	FLORIDA	224
3	NORTH CAROLINA	127
4	GEORGIA	68
5	KENTUCKY	68
6	SOUTH CAROLINA	61
7	TEXAS	56
8	CALIFORNIA	53
9	OHIO	46
10	MARYLAND	41
11	NEW YORK	41
12	MICHIGAN	38
13	PENNSYLVANIA	35
14	INDIANA	28
15	ALABAMA	26
16	ILLINOIS	24
17	WEST VIRGINIA	23
18	ARIZONA	22
19	NEW JERSEY	21
20	LOUISIANA	18
21	MISSISSIPPI	18
22	COLORADO	16
23	MASSACHUSETTS	13
24	ARKANSAS	9

25	NEVADA	9
26	DELAWARE	6
27	MISSOURI	6
28	OKLAHOMA	6
29	OREGON	6
30	WASHINGTON	6
31	WISCONSIN	6
32	ALASKA	5
33	CONNECTICUT	5
34	IOWA	5
35	KANSAS	5
36	VERMONT	5
37	MINNESOTA	4
38	WYOMING	4
39	NEW HAMPSHIRE	3
40	NEW MEXICO	3
41	UTAH	3
42	NEBRASKA	2
	DISTRICT OF	
43	COLUMBIA	1
44	HAWAII	1
45	MAINE	1
46	NORTH DAKOTA	1
47	RHODE ISLAND	1
48	SOUTH DAKOTA	1

Top Places Moving to Kingsport

		INSTALL	CUTOUT	DIFF
CHURCH HILL	TN	404	348	56
BRISTOL	TN	164	120	44
GATE CITY	VA	147	106	41
ROGERSVILLE	TN	91	58	33
ELIZABETHTON	TN	55	27	28
BLUFF CITY	TN	46	24	22
PINEY FLATS	TN	66	45	21
GREENEVILLE	TN	53	39	14
WISE	VA	25	11	14
MORRISTOWN	TN	30	18	12
BIG STONE GAP	VA	29	17	12
JACKSONVILLE	FL	13	3	10
MADISON	NJ	10	0	10
CLARKSVILLE	TN	12	3	9
UNICOI	TN	12	3	9
DUFFIELD	VA	34	26	8
WEBER CITY	VA	31	23	8
DELAND	FL	7	0	7
PIKEVILLE	KY	7	0	7
CHARLESTON	SC	6	0	6
KODAK	TN	8	2	6
BRISTOL	VA	52	46	6
CHESAPEAKE	VA	7	1	6
HILTONS	VA	17	11	6
POMPANO BEACH	FL	7	2	5
WINTER HAVEN	FL	5	0	5
FREDERICK	MD	5	0	5
NEW YORK	NY	5	0	5

Top Places Where Kingsporters Moved

		INSTALL	CUTOUT	DIFF
FALL BRANCH	TN	158	271	-113
BLOUNTVILLE/BOONE LAKE	TN	345	436	-91
JOHNSON CITY/GRAY	TN	547	594	-47
JONESBOROUGH	TN	177	193	-16
KNOXVILLE	TN	76	90	-14
MOUNT CARMEL	TN	167	179	-12
SURGOINSVILLE	TN	40	52	-12
RALEIGH	NC	3	13	-10
CHUCKEY	TN	24	33	-9
SPARTANBURG	SC	0	8	-8
BRADENTON	FL	4	11	-7
BROOKSVILLE	FL	1	8	-7
NASHVILLE	TN	10	17	-7
ABINGDON	VA	13	20	-7
LA QUINTA	CA	0	7	-7
HERMITAGE	TN	2	7	-5
SAINT LOUIS	MO	0	5	-5
HOT SPRINGS	NC	0	5	-5
SEVIERVILLE	TN	3	7	-4
GORDO	AL	0	4	-4
PATTERSON	CA	0	4	-4
BOWLING GREEN	FL	0	4	-4
LEESBURG	FL	0	4	-4
MELBOURNE	FL	0	4	-4
PLANT CITY	FL	0	4	-4
ROCKFORD	IL	0	4	-4

Summary

- ▶ Tennessee unemployment is higher than U.S.
 - Sullivan County unemployment is better than Tennessee & U.S.
 - Hawkins County unemployment is worse than Tennessee & U.S.
- ▶ Tennessee personal income grew faster than any southeastern state, except Virginia (driven by Northern VA and DC)
 - TN personal income will grow substantially more in 2010 and 2011 than 2009
- ▶ Tennessee state budget shortfall significantly less than other Southeastern states (except Arkansas)
- ▶ Things are tough, but slowly getting better
- ▶ Our conservative nature is paying off
- ▶ Materials Agreement has stimulated creation of 700+ lots
- ▶ Kingsport remains a great location to do business, live, work, play and retire